

Iowa Tax NEWS

The quarterly newsletter of the Iowa Department of Revenue and Finance

Monthly sales tax filers: Local option sales tax is paid monthly, not quarterly

Many monthly sales tax filers are still reporting and remitting local option sales tax the "old way."

Please note the following new procedures. You are required by law to follow them.

Because you are a monthly filer, you will report and pay local option sales tax in three steps.

Step 1. The first month of the quarter you will include the amount of local option tax you collected with the 5 percent state sales tax and enter that total amount on the "Total Deposit Amount" line of your first month's deposit. You will *not* complete the local option

return in detail and send it with your monthly deposit.

Step 2. For the second month of the quarter, you will repeat Step 1.

Step 3. For the third month of the quarter, you will make your last deposit and complete the quarterly sales tax return. You will add the local option sales tax deposits for all three months of the quarter and place the total amount on **line 7**. You now need to complete the detailed local option sales tax schedule on the reverse side of the quarterly return. Remember, local option sales tax is reported only by county, not by city.

This change became effective **July 1, 1997**.

Jurisdictions impose local option sales tax

Voters in the following jurisdictions have adopted the local option sales tax effective April 1, 1998. The county and county codes are listed in bold.

Bremer/09: Frederika, Sumner, Tripoli

Lucas/59: Chariton, Derby, Lucas, Russell, Williamson

A complete list of all current local option sales tax jurisdictions is included on pages 3

IA 1040 error

Instructions for line 13, Taxable Social Security Benefits, of the Iowa 1040 has an error that affects taxpayers who file the Federal 1040A.

and 4 of this newsletter. An alphabetical list by city and other information about Iowa taxes are on our site on the **Worldwide Web:**

<http://www.state.ia.us/tax>

Note: In our last newsletter, the city of Dolliver in Emmet County was listed as having the local option sales tax. It does not. We apologize for any inconvenience this may have caused.

On page 7 of the Iowa 1040 booklet, line 6 of the worksheet should read "...If filing Federal 1040A, use line 15." (The Federal 1040A no longer has line 15c.)

DEPARTMENT SERVICES

• • • • •

ONLINE

Internet Address (URL)

<http://www.state.ia.us/tax>

• • • • •

E-mail

iadrf@iadrf.e-mail.com

BY TELEPHONE

Taxpayer Services

from Des Moines
or out of state,

(515) 281-3114

from elsewhere in Iowa or
Rock Island-Moline or Omaha

1-800-367-3388

• • • • •

To Order Iowa Tax Forms

(515) 281-7239 or
1-800-532-1531

• • • • •

"Where's My Refund?"

(515) 281-4966 or
1-800-572-3944

BY FAX

Receive Iowa Tax Forms by Fax

Tax-Fax

1-800-572-3943

• • • • •

Department Fax Number

(515) 242-6040

BY MODEM

ERIN (electronic bulletin board)

(515) 281-3248 or
1-800-972-2028

Don't be afraid...

Taxpayers who have not filed their Iowa income tax returns because they are afraid of penalty charges should not be. Sixty-five percent of all filers receive refunds each year. No penalty is charged when the return gives the taxpayer a refund; in fact, interest may be added, making the refund larger than expected.

Department finds taxpayers who should be paying Iowa income tax

In the Sioux City area, 10 individuals have been prosecuted for claiming residency in South Dakota when, in fact, they live in Iowa.

The Investigative Audit Section is finding individuals working in South Dakota but living in Iowa who are obtaining post office boxes in South Dakota, claiming fictitious addresses, or using addresses of acquaintances. Employers do not know to deduct Iowa income tax from their paychecks. Self-employed individuals with businesses in Iowa will sometimes attempt to avoid Iowa income tax by filing returns using bogus addresses. They then claim nonresident credits on their returns.

Residents of Iowa are required by law to file Iowa income tax returns, regardless of where

Sub S Credit error

Do not use form 1997 IA 134 with a date of 8/97. The date is located in the lower right-hand corner of each page of the form. Page one of this form is incorrect. Line 32 is the correct "Credit Due" line.

To obtain the correct form with a date of 2/98, visit our web site or call Tax-Fax and key in number 9741134.

they work. The only exceptions are Iowa residents who work in Illinois. The State of Iowa has an agreement with Illinois that if an Illinois resident works in Iowa, an Illinois return will be filed; an Iowa resident who works in Illinois will file an Iowa return. Iowa does not have this agreement with any other state. Also, South Dakota does not have an income tax.

Residency is determined by a variety of factors covered by law. Among them are the actual location of a person's permanent home, the state in which a driver's license and registration is obtained, and the state in which the person is registered to vote.

Criminal penalties in these cases can range up to a class "C" felony, with penalties up to 10 years in prison and fines totaling \$10,000 for each charge.

People who pay their taxes have the right to expect others to pay their fair share also. You may call us anonymously if you have evidence that someone who should be paying Iowa tax and is not.

IOWA LOCAL OPTION SALES TAX JURISDICTIONS

All jurisdictions listed have imposed the local option tax at a rate of 1 percent effective for the quarter beginning April 1, 1998.

COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES	COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES
Allamakee / 03	Harpers Ferry, Postville, Waterville	1-1-95	Des Moines / 29	Burlington, Danville, Middletown,	10-1-94
	Waukon	1-1-96		West Burlington	
	Lansing, New Albin	7-1-96		Mediapolis, Unincorporated Area	4-1-95
	Unincorporated Area	10-1-97	Dickinson / 30	Lake Park, Okoboji, Orleans,	4-1-97
Black Hawk / 07	Cedar Falls, Elk Run Heights,	4-1-91		Spirit Lake, Superior, Terril	
	Evansdale, Hudson, Raymond, Waterloo			Arnolds Park, Milford, Wahpeton,	1-1-98
	Dunkerton, Gilbertville,	10-1-91		West Okoboji, Unincorporated Area	
	Janesville, La Porte City, Unincorporated Area		Dubuque / 31	Asbury, Balltown, Centralia,	4-1-88
Boone / 08	Berkley, Luther, Pilot Mound	4-1-89		Dubuque, Holy Cross, Sageville, Zwingle	
	Boone	7-1-90		Bankston, Bernard, Epworth, Farley, ..	7-1-88
	Boxholm, Ogden, Sheldahl,	1-1-91		Graf, Peosta, Sherrill, Unincorporated Area	
	Unincorporated Area			Cascade, Dyersville, Luxemburg,	10-1-89
	Madrid	7-1-91		New Vienna, Rickardsville, Worthington	
	Fraser	1-1-92	Emmet / 32	Armstrong, Ringsted	1-1-98
	Beaver	1-1-95	Fayette / 33	Arlington, Clermont, Elgin, Hawkeye, ..	1-1-95
Bremer / 09	Frederika, Sumner, Tripoli	4-1-98		Maynard, Oelwein, Randalia, St. Lucas, Wadena, Waucoma, Westgate	
Buchanan / 10	Aurora, Lamont, Stanley	10-1-95		Fayette, West Union,	7-1-95
Buena Vista / 11	Albert City, Linn Grove, Marathon,	7-1-91		Unincorporated Area	
	Newell, Sioux Rapids, Truesdale		Floyd / 34	Floyd, Marble Rock, Nora Springs,	10-1-96
	Alta, Lakeside, Rembrandt,	10-1-95		Rockford, Rudd	
	Storm Lake, Unincorporated Area			Charles City, Colwell	10-1-97
Butler / 12	Allison, Aplington, Aredale, Bristow, ...	1-1-97	Franklin / 35	Coulter, Dows, Geneva, Hansell,	10-1-95
	Dumont, Greene, New Hartford, Parkersburg			Latimer, Sheffield	
Cass / 15	Anita, Cumberland, Griswold,	1-1-97		Hampton, Popejoy, Unincorporated	10-1-96
	Lewis, Marne, Massena, Wiota			Area	
	Atlantic, Unincorporated Area	10-1-97	Fremont / 36	Farragut, Hamburg, Imogene,	1-1-96
Cerro Gordo / 17	Clear Lake, Dougherty, Mason City,	7-1-92		Randolph, Riverton, Shenandoah, Sidney, Tabor, Thurman, Unincorporated Area	
	Meservey, Plymouth, Rock Falls, Rockwell, Swaledale, Thornton, Ventura		Hancock / 41	Corwith, Crystal Lake, Garner,	1-1-96
	Unincorporated Area	1-1-93		Goodell, Kanawha, sKlemme, Woden	
Cherokee / 18	Aurelia, Cleghorn, Larrabee,	7-1-96		Britt	1-1-97
	Marcus, Meriden, Washta		Hardin / 42	Alden, Buckeye, Eldora, Hubbard,	4-1-96
	Quimby	1-1-98		Iowa Falls, Radcliffe, Steamboat Rock, Unincorporated Area	
Chickasaw / 19	Alta Vista, Bassett, Fredericksburg,	4-1-97		Ackley, New Providence, Owasa,	1-1-97
	Ionia, Lawler, Nashua, New Hampton, North Washington, Unincorporated Area			Union, Whitten	
Clayton / 22	McGregor	1-1-90	Harrison / 43	Dunlap, Little Sioux, Mondamin,	10-1-97
	Elkader, Garnavillo, Luana,	4-1-94		Persia, Pisgah	
	Millville, Marquette, Saint Olaf		Henry / 44	Coppock, Hillsboro, Mount Pleasant, ..	10-1-95
	Elkport, Farmersburg, Garber,	10-1-94		Mount Union, New London, Olds, Rome, Salem, Westwood, Winfield	
	Guttenberg, Littleport, Monona, Volga			Wayland, Unincorporated Area	1-1-96
	Edgewood, North Buena Vista,	10-1-95	Howard / 45	Chester, Cresco, Lime Springs,	1-1-94
	Strawberry Point, Unincorporated Area			Protivin	
Clinton / 23	Andover, Calamus, Camanche,	10-1-89		Elma, Unincorporated Area	7-1-94
	Clinton, Delmar, De Witt, Goose Lake, Grand Mound, Low Moor, Toronto, Welton, Wheatland			Riceville	1-1-95
	Charlotte, Lost Nation,	1-1-90	Ida / 47	Galva	4-1-97
	Unincorporated Area		Iowa / 48	Ladora, North English, Parnell,	4-1-94
Decatur / 27	Davis City, Decatur, Garden Grove,	1-1-97		Williamsburg	
	Grand River, Lamon, Leroy, Pleasanton, Van Wert			Marengo, Millersburg, Victor,	4-1-95
Delaware / 28	Colesburg, Delaware, Delhi, Earlville, ..	10-1-94		Unincorporated Area	
	Greeley, Manchester, Masonville		Jackson / 49	Baldwin, La Motte, Miles, Preston,	10-1-89
	Dundee, Dyersville, Hopkinton,	4-1-95		Sabula, Saint Donatus, Spragueville, Springbrook	
	Ryan, Unincorporated Area			Bellevue, Zwingle	4-1-91
	Edgewood	4-1-96		Maquoketa, Monmouth	10-1-94
				Andrew, Unincorporated Area	1-1-95
			Jones / 53	Cascade, Center Junction, Morley,	4-1-95
				Olin, Onslow, Oxford Junction	

Local Option Sales Tax List continued from page 3

COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES	COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES
	Monticello, Wyoming	1-1-96		Unincorporated Area	
Lee / 56	Fort Madison, Franklin, Keokuk,	10-1-91	Polk / 77	Polk City	1-1-86
	Montrose			Sheldahl	7-1-87
	St. Paul	1-1-93	Pottawattamie / 78	Macedonia, Minden	1-1-89
	Donnellson, Houghton, West Point,	1-1-95		Council Bluffs	4-1-90
	Unincorporated Area			Avoca, Carson, Carter Lake,	1-1-95
Linn / 57	Bertram	1-1-86		Crescent, Hancock, McClelland, Neola,	
Lucas / 59	Chariton, Derby, Lucas, Russell,	4-1-98		Oakland, Treynor, Underwood, Walnut	
	Williamson			Unincorporated Area	4-1-95
Lyon / 60	Alvord, Doon, George, Inwood,	10-1-96	Scott / 82	Bettendorf, Blue Grass, Buffalo,	1-1-89
	Lester, Little Rock, Rock Rapids,			Davenport, Dixon, Donahue, Eldridge,	
	Unincorporated Area			LeClaire, Long Grove, Maysville,	
Mahaska / 62	Barnes City, Beacon, Fremont,	4-1-95		sMcCausland, New Liberty, Panorama	
	Keomah Village, Leighton, New Sharon,			Park, Princeton, Walcott, Riverdale,	
	Oskaloosa, Rose Hill, University Park,			Unincorporated Area	
	Unincorporated Area			Durant	4-1-97
	Eddyville	10-1-95	Shelby / 83	Defiance, Earling, Elk Horn, Irwin,	1-1-98
Marshall / 64	Liscomb	1-1-97		Panama, Portsmouth, Shelby, Tennant,	
Mills / 65	Emerson, Henderson, Malvern, Tabor	1-1-96		Westphalia	
Mitchell / 66	Carpenter, Mitchell, Orchard, Osage,	1-1-95	Sioux / 84	Alton, Boyden, Chatsworth, Granville,	10-1-95
	Riceville, St. Ansgar, Stacyville			Hawarden, Hull, Ireton, Matlock,	
	McIntire, Unincorporated Area	7-1-95		Maurice, Orange City, Sioux Center,	
Monona / 67	Blencoe, Castana, Mapleton,	7-1-90		Unincorporated Area	
	Moorhead, Onawa, Rodney, Soldier,			Hospers, Rock Valley, Sheldon	7-1-96
	Turin, Ute, Whiting, Unincorporated Area		Story / 85	Ames, Huxley	1-1-87
Montgomery / 69	Coburg, Elliott, Stanton, Villisca	1-1-96		Cambridge, Collins, Colo, Gilbert,	7-1-87
	Grant	4-1-96		Kelley, McCallsburg, Roland, Sheldahl,	
Muscatine / 70	Atalissa, Conesville, Fruitland,	7-1-94		Slater, Unincorporated Area	
	Muscatine, Stockton, Wilton			Nevada, Maxwell, Zearing	1-1-89
	Nichols, Unincorporated Area	1-1-95		Story City	10-1-90
	Durant, West Liberty	7-1-95	Winneshiek / 96	Decorah	4-1-91
O'Brien / 71	Archer, Calumet, Paullina, Primghar,	1-1-96		Calmar, Castalia, Fort Atkinson,	7-1-91
	Sanborn, Sheldon, Sutherland,			Jackson Junction, Ossian, Ridgeway,	
	Unincorporated Area			Spillville, Unincorporated Area	
Page / 73	Blanchard, Braddyville, Coin,	1-1-96	Woodbury / 97	Bronson, Cushing, Merville, Oto,	1-1-87
	College Springs, Essex, Shambaugh,			Salix, Sergeant Bluff, Sioux City, Sloan	
	Shenandoah, Yorktown			Anthon, Correctionville, Danbury,	10-1-88
	Clarinda, Hepburn, Northboro,	7-1-96		Hornick, Lawton, Pierson, Smithland,	
				Unincorporated Area	
			Worth / 98	Fertile, Grafton, Hanlontown, Joice,	1-1-97
				Kensett, Manly, Northwood	
				Unincorporated Area	7-1-97

Declaratory Rulings

Lake docks and hoists

Moving docks and hoists from the water of a lake to the shore in the fall and from the shore to the water in the spring is not a service that is subject to sales tax.

Sports facilities and sales tax

Iowa sales tax should be imposed and collected by a sports facility on the gross receipts from the registration fees for participation in league sporting activities.

Iowa sales tax must be collected on the rental receipts

of areas designed for the play or practice of sports. This is not simply the rental of real property. The true item being rented is a specially designed portion of the facility for sports and commercial recreation.

Iowa sales tax must be collected on the rental of a batting cage. This is not the rental of real property. The rental is for the purpose of practicing or playing the sport of baseball in a specifically designed facility. The rental

fee is paid for the opportunity to participate in a recreational activity.

Parent support groups

An organization such as a PTA or school booster club is not a government entity because it is not controlled by the government. It is, therefore, not automatically exempt from paying or collecting sales tax. If its purchases are for resale, they may be made tax-free whether or not the organization has a sales tax permit.